

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2440 - HB 2581

February 6, 2012

SUMMARY OF BILL: Requires the Department of Economic and Community Development's Division of Energy (ECD) and the University of Tennessee (UT) to pursue increased energy production at the West Tennessee solar farm so that generating capacity of the farm is doubled.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$37,500/One-Time
\$68,500/Recurring**

Other Fiscal Impact – According to ECD, the current solar farm general contractor has estimated an increase in expenditures of at least \$15,000,000 to double the farm's output. The actual increase in expenditures will be dependent upon the results of a site study. ECD intends to use new personnel to help raise funding for the project. However, in the absence of enough funding raised from other sources, it is assumed that the state will bear this cost. According to UT, state revenue will increase as a result of doubling the solar output. A site study must be performed before this amount can be reasonably quantified.

Assumptions:

- The solar output of the farm will double.
- According to ECD, the Division of Energy will require one additional grant program manager to manage this effort. The increase in state expenditures for personnel will be \$64,548 (\$51,000 salary + \$13,548 benefits).
- According to UT, a site study will be completed by an experienced design firm before construction to double the output will begin. UT estimates that this study will cost between \$25,000 and \$50,000 in one-time state expenditures. For the purposes of this fiscal note, it is assumed that the study will cost approximately \$37,500 (average of \$25,000 and \$50,000).

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- If enough funding cannot be raised from other sources, it is assumed that the state will bear the cost of doubling the array. This increase in state expenditures is estimated to be at least \$15,000,000.
- Any increase in state revenue cannot be reasonably quantified until a site study is done.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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